



Mtubatuba Municipality  
(Registration number KZN 275)

Annual Financial Statements  
for the year ended 30 June 2014

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## General Information

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### Legal form of entity

Municipality

### Mayoral committee

Executive Committee

MR Ntuli

SC Mkhwanazi

MN Davies

DR Ntuli

SJ Khoza

ZE Nyawo

MQ Mkhwanazi

Councillors

NA Dhlamini

NG Khumalo

SJ Shezi

MZ Shobede

LG Mkhwanazi

RM Bukhosini

RB Msomi

CT Buthelezi

TZ Mbatha

PV Ntshalintshali

SR Khumalo

ZW Matonsi

EK Magwaza

TM Mbuyazi

KP Tembe

T Ndlovu

SD Manqeke

KI Kheswa

ML Mfekayi

MA Gina

DL Gumbi

ML Mthethwa

DLG Bhikili

AN Khoza

T Mnguni

PK Msweli

TT Maphanga

VM Gumede

FM Mathe

FZ Nkwanyana

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## General Information

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<b>Grading of local authority</b>	Grade 3
<b>Accounting Officer</b>	SR Ntuli
<b>Chief Finance Officer (CFO)</b>	BM Thusi
<b>Registered office</b>	Lot 105 Inkosi Mtubatuba Road Mtubatuba 3935
<b>Business address</b>	Lot 105 Inkosi Mtubatuba Road Mtubatuba 3935
<b>Postal address</b>	PO Box 52 Mtubatuba 3935
<b>Bankers</b>	First National Bank Mtubatuba
<b>Auditors</b>	Auditor General South Africa Registered Auditors

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Index

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

<b>Index</b>	<b>Page</b>
Accounting Officer's Responsibilities and Approval	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts	9 - 10
Accounting Policies	11 - 22
Notes to the Annual Financial Statements	23 - 41
Appendixes:	
Appendix A: Schedule of External loans	42
Appendix B: Analysis of Property, Plant and Equipment	44

### Abbreviations

DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
IMFO	Institute of Municipal Finance Officers
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

# **Mtubatuba Municipality**

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## **Accounting Officer's Responsibilities and Approval**

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2015 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 5.

The annual financial statements set out on pages 5 to 41, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2014 and were signed on its behalf by:

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**Accounting Officer**  
**SR Ntuli**

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Statement of Financial Position as at 30 June 2014

	Note(s)	2014	2013 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Operating lease asset		-	187 739
Trade receivables from non-exchange transactions	7	631 522	2 245 174
VAT receivable	8	-	3 300 970
Trade and other receivables from exchange transactions	9	13 277 369	10 296 084
Cash and cash equivalents	10	894 935	1 633 153
		<b>14 803 826</b>	<b>17 663 120</b>
<b>Non-Current Assets</b>			
Investment property	4	25 684 000	25 684 000
Property, plant and equipment	3	286 201 390	264 381 841
Intangible assets	5	424 302	140 558
Heritage assets	6	1 020 835	1 020 835
		<b>313 330 527</b>	<b>291 227 234</b>
Non-current assets held for sale		13 168 404	15 687 684
<b>Total Assets</b>		<b>341 302 757</b>	<b>324 578 038</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Long-term loan - DBSA	13	676 050	800 439
Finance lease obligation	11	873 575	812 569
Payables from exchange transactions	15	18 436 958	14 447 721
Third party payable	16	1 419 571	1 197 280
VAT payable		21 742	-
Unspent conditional grants and receipts	12	8 962 603	14 052 346
Income received in advance		822 460	626 337
		<b>31 212 959</b>	<b>31 936 692</b>
<b>Non-Current Liabilities</b>			
Long-term loan - DBSA	13	1 235 642	1 649 559
Finance lease obligation	11	672 964	1 476 020
Provisions	14	3 322 934	3 007 180
		<b>5 231 540</b>	<b>6 132 759</b>
<b>Total Liabilities</b>		<b>36 444 499</b>	<b>38 069 451</b>
<b>Net Assets</b>		<b>304 858 258</b>	<b>286 508 587</b>
Reserves			
Revaluation reserve		2 324 958	-
Fair value adjustment assets-available-for-sale reserve		12 152 673	14 477 631
Accumulated surplus		290 380 627	272 030 956
<b>Total Net Assets</b>		<b>304 858 258</b>	<b>286 508 587</b>

\* See Note 30

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Statement of Financial Performance

	Note(s)	2014	2013 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges		3 008 407	3 575 179
Rendering of services		1 492 908	1 447 607
Rental of facilities and equipment		221 325	215 698
Interest on consumer debtors		5 688 123	4 126 288
Licences and permits		2 790 356	2 960 059
Administration and management fees received		1 232 539	2 223 811
Fees earned		507 917	416 040
Interest received - investment		517 055	455 373
<b>Total revenue from exchange transactions</b>		<b>15 458 630</b>	<b>15 420 055</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates		19 262 306	19 226 610
<b>Transfer revenue</b>			
Government grants & subsidies	17	102 041 742	82 226 100
Fines		1 515 187	2 321 065
<b>Total revenue from non-exchange transactions</b>		<b>122 819 235</b>	<b>103 773 775</b>
<b>Total revenue</b>		<b>138 277 865</b>	<b>119 193 830</b>
<b>Expenditure</b>			
Employee related costs	19	(38 961 299)	(32 558 259)
Remuneration of councillors	20	(10 594 228)	(8 579 293)
Depreciation and amortisation	22	(13 007 148)	(11 013 940)
Finance costs	23	(1 076 946)	(978 400)
Debt written off / rebates	21	(12 123 144)	(6 435 548)
Repairs and maintenance		(3 828 951)	(2 040 579)
Contracted services	25	(9 771 638)	(9 289 173)
General Expenses	18	(29 361 349)	(20 804 498)
<b>Total expenditure</b>		<b>(118 724 703)</b>	<b>(91 699 690)</b>
<b>Operating surplus</b>		<b>19 553 162</b>	<b>27 494 140</b>
Gain on non-current assets held for sale		(1 203 490)	1 121 988
<b>Surplus for the year</b>		<b>18 349 672</b>	<b>28 616 128</b>

\* See Note 30

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Statement of Changes in Net Assets

	Fair value realised on disposal	Fair value adjustment assets-held- for-sale reserve	Total reserves	Accumulated surplus	Total net assets
<b>Balance at 01 July 2012</b>	-	<b>16 355 286</b>	<b>16 355 286</b>	<b>243 414 828</b>	<b>259 770 114</b>
Changes in net assets					
Surplus for the year	-	-	-	28 616 128	28 616 128
Realisation of fair value on disposal of non-current assets	-	(1 877 655)	(1 877 655)	-	(1 877 655)
Total changes	-	(1 877 655)	(1 877 655)	28 616 128	26 738 473
Balance at 30 June 2013	-	14 477 631	14 477 631	272 079 660	286 557 291
Adjustments					
Correction of errors	-	-	-	(48 705)	(48 705)
<b>Restated* Balance at 01 July 2013 as restated*</b>	-	<b>14 477 631</b>	<b>14 477 631</b>	<b>272 030 955</b>	<b>286 508 586</b>
Changes in net assets					
Surplus for the year	-	-	-	18 349 672	18 349 672
Transfer of income surplus to trust capital	2 324 958	(2 324 958)	-	-	-
Total changes	2 324 958	(2 324 958)	-	18 349 672	18 349 672
<b>Balance at 30 June 2014</b>	<b>2 324 958</b>	<b>12 152 673</b>	<b>14 477 631</b>	<b>290 380 627</b>	<b>304 858 258</b>

\* See Note 30



# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Cash Flow Statement

	Note(s)	2014	2013 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		21 601 955	25 867 892
Grants		102 041 742	82 226 100
Interest income		517 055	455 373
		<u>124 160 752</u>	<u>108 549 365</u>
<b>Payments</b>			
Employee costs		(49 555 526)	(42 954 620)
Suppliers		(39 387 615)	(29 704 870)
Finance costs		(1 076 946)	(978 400)
		<u>(90 020 087)</u>	<u>(73 637 890)</u>
<b>Net cash flows from operating activities</b>	26	<u><b>34 140 665</b></u>	<u><b>34 911 475</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(34 553 666)	(26 487 492)
Proceeds from non-current assets held for sale	4	1 315 791	1 121 988
Purchase of other intangible assets	5	(556 775)	(16 538)
<b>Net cash flows from investing activities</b>		<u><b>(33 794 650)</b></u>	<u><b>(25 382 042)</b></u>
<b>Cash flows from financing activities</b>			
Repayment of long-term loan - dbsa		(538 306)	-
Movement in income received in advance		196 123	(1 101 366)
Movement in DBSA loan		-	192 476
Finance lease payments		(742 050)	(986 499)
<b>Net cash flows from financing activities</b>		<u><b>(1 084 233)</b></u>	<u><b>(1 895 389)</b></u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u><b>(738 218)</b></u>	<u><b>7 634 044</b></u>
Cash and cash equivalents at the beginning of the year		1 633 153	(6 000 891)
<b>Cash and cash equivalents at the end of the year</b>	10	<u><b>894 935</b></u>	<u><b>1 633 153</b></u>

\* See Note 30

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Services charges	3 440 722	-	3 440 722	3 008 407	(432 315)	
Rendering of services	5 919 000	(820 000)	5 099 000	1 492 908	(3 606 092)	
Rental of facilities and equipment	105 000	(105 000)	-	221 325	221 325	
Interest on consumer debtors	4 066 650	-	4 066 650	5 688 123	1 621 473	
Licences and permits	3 056 476	-	3 056 476	2 790 356	(266 120)	
Security services	1 657 950	-	1 657 950	-	(1 657 950)	
Administration and management fees received	910 420	(910 420)	-	1 232 539	1 232 539	
Fees earned	166 544	-	166 544	507 917	341 373	
Interest received - investment	400 000	-	400 000	517 055	117 055	
<b>Total revenue from exchange transactions</b>	<b>19 722 762</b>	<b>(1 835 420)</b>	<b>17 887 342</b>	<b>15 458 630</b>	<b>(2 428 712)</b>	
<b>Revenue from non-exchange transactions</b>						
Property rates	21 724 014	-	21 724 014	19 262 306	(2 461 708)	
Government grants & subsidies	92 852 100	1 425 000	94 277 100	102 041 742	7 764 642	
Fines	153 000	(153 000)	-	1 515 187	1 515 187	
<b>Total revenue from non-exchange transactions</b>	<b>114 729 114</b>	<b>1 272 000</b>	<b>116 001 114</b>	<b>122 819 235</b>	<b>6 818 121</b>	
<b>Total revenue</b>	<b>134 451 876</b>	<b>(563 420)</b>	<b>133 888 456</b>	<b>138 277 865</b>	<b>4 389 409</b>	
<b>Expenditure</b>						
Employee related costs	(50 950 000)	13 184 000	(37 766 000)	(38 961 299)	(1 195 299)	
Remuneration of councillors	(10 879 000)	875 000	(10 004 000)	(10 594 228)	(590 228)	
Transfer payments	-	(1 000 000)	(1 000 000)	-	1 000 000	
Depreciation and amortisation	(7 350 000)	1 330 000	(6 020 000)	(13 007 148)	(6 987 148)	
Finance costs	(510 000)	100 000	(410 000)	(1 076 946)	(666 946)	
Debt written off/rebates	-	-	-	(12 123 144)	(12 123 144)	
Repairs and maintenance	(19 956 000)	16 048 000	(3 908 000)	(3 828 951)	79 049	
Bulk purchases	(2 787 000)	(1 122 000)	(3 909 000)	-	3 909 000	
Contracted Services	(13 188 000)	3 388 000	(9 800 000)	(9 771 638)	28 362	
General Expenses	(12 316 000)	(15 948 000)	(28 264 000)	(29 361 349)	(1 097 349)	
<b>Total expenditure</b>	<b>(117 936 000)</b>	<b>16 855 000</b>	<b>(101 081 000)</b>	<b>(118 724 703)</b>	<b>(17 643 703)</b>	
<b>Operating surplus</b>	<b>16 515 876</b>	<b>16 291 580</b>	<b>32 807 456</b>	<b>19 553 162</b>	<b>(13 254 294)</b>	
Gain on disposal of assets and liabilities	1 175 100	-	1 175 100	1 500 000	324 900	
<b>Surplus before taxation</b>	<b>17 690 976</b>	<b>16 291 580</b>	<b>33 982 556</b>	<b>21 053 162</b>	<b>(12 929 394)</b>	

## Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

### Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>17 690 976</b>	<b>16 291 580</b>	<b>33 982 556</b>	<b>21 053 162</b>	<b>(12 929 394)</b>	

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with those applied in the previous period.

#### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

#### 1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

#### 1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### Trade receivables

The municipality assesses its trade receivables, held at amortised cost for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held at amortised cost is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

##### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 14 - Provisions.

##### Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

#### 1.4 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1.4 Investment property (continued)

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

#### Subsequent measurement

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus for the period in which it arises.

The carrying amount of an item of investment property is derecognised on disposal or when no future economic benefit or service potential are expected from its use or disposal. Transfers to, or from, investment property is made when, and only when, there is a change in use.

### 1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1.5 Property, plant and equipment (continued)

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	30
Plant and machinery	
• Specialised plant and equipment	10 - 15
• Other items of plant and equipment	2 - 5
Furniture and fixtures	7 - 10
Office equipment	7 - 10
Infrastructure	
• Roads and paving	15
• Pedestrian malls	30
• Electricity	20
• Water	15
• Housing	30
• Landfill sites	15
• Sewerage	15 - 20
Community	
• Recreational facilities	20 - 30
• Security measures	5
Other property, plant and equipment	
• Other vehicles	5 - 10
Bins and containers	5
Specialised vehicles	5 - 20
•	

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	3 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

### 1.7 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

#### Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

#### Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1.7 Heritage assets (continued)

#### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

#### Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

#### Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

### 1.8 Financial instruments

#### Classification

The municipality classifies financial assets and financial liabilities into the following categories:

- Financial assets at amortised cost.
- Financial liabilities measured at amortised cost.
- Financial instruments at fair value.

#### Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value plus in case of a financial instrument not subsequently measured at fair value, transaction costs that are directly attributable to acquisition or issue.

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.



# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1.8 Financial instruments (continued)

#### Subsequent measurement

Financial instruments at fair value are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Net gains or losses on the financial instruments at fair value through surplus or deficit dividends or similar distributions and interest.

Dividend or similar distributions income is recognised in surplus or deficit as part of other income when the municipality's right to receive payment is established.

Financial assets and liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

#### Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets, other than those at fair value, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit.

#### Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as financial assets at amortised cost.

#### Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

### 1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1.9 Leases (continued)

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

#### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

### 1.10 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

### 1.11 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1.11 Impairment of cash-generating assets (continued)

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

### 1.12 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

### 1.13 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1.13 Provisions and contingencies (continued)

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

### 1.14 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

### 1.15 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1.15 Revenue from non-exchange transactions (continued)

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

#### Fines

Revenue from the issuing of fines is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

#### Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

### 1.16 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1.17 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### 1.18 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.19 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.20 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Accounting Policies

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### 1.21 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

### 1.22 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

### 1.23 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2013 to 30/06/2014.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

### 1.24 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

### 1.25 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

2014

2013

### 2. New standards and interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 25: Employee benefits	01 April 2013	01 July 2013
• GRAP 1 (as revised 2012): Presentation of Financial Statements	01 April 2013	01 July 2013
• GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors	01 April 2013	01 July 2013
• GRAP 7 (as revised 2012): Investments in Associates	01 April 2013	01 July 2013
• GRAP 9 (as revised 2012): Revenue from Exchange Transactions	01 April 2013	01 July 2013
• GRAP 12 (as revised 2012): Inventories	01 April 2013	01 July 2013
• GRAP 13 (as revised 2012): Leases	01 April 2013	01 July 2013
• GRAP 16 (as revised 2012): Investment Property	01 April 2013	01 July 2013
• GRAP 17 (as revised 2012): Property, Plant and Equipment	01 April 2013	01 July 2013
• GRAP 27 (as revised 2012): Agriculture (Replaces GRAP 101)	01 April 2013	01 July 2013
• GRAP 31 (as revised 2012): Intangible Assets (Replaces GRAP 102)	01 April 2013	01 July 2013
• IGRAP16: Intangible assets website costs	01 April 2013	01 July 2013
• IGRAP1 (as revised 2012):Applying the probability test on initial recognition of revenue	01 April 2013	01 July 2013

#### 2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2014 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 18: Segment Reporting	01 April 2016	01 July 2016
• GRAP 105: Transfers of functions between entities under common control	01 April 2014	30 June 2014
• GRAP 106: Transfers of functions between entities not under common control	01 April 2014	30 June 2014
• GRAP 107: Mergers	01 April 2014	30 June 2014
• GRAP 20: Related parties	01 April 2014	30 June 2014
• IGRAP 11: Consolidation – Special purpose entities	01 April 2014	30 June 2014
• IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	01 April 2014	30 June 2014
• GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2014	30 June 2014
• GRAP 7 (as revised 2010): Investments in Associates	01 April 2014	30 June 2014
• GRAP 8 (as revised 2010): Interests in Joint Ventures	01 April 2014	30 June 2014
• GRAP32: Service Concession Arrangements: Grantor	01 April 2015	30 June 2015
• GRAP108: Statutory Receivables	01 April 2015	30 June 2015
• IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2015	30 June 2015



# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

2014

2013

### 3. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	28 902 790	-	28 902 790	28 902 790	-	28 902 790
Buildings	40 055 698	(3 994 241)	36 061 457	39 904 650	(2 660 310)	37 244 340
Plant and machinery	303 741	(71 026)	232 715	67 832	(21 109)	46 723
Furniture and fixtures	2 429 720	(1 296 317)	1 133 403	1 880 545	(989 402)	891 143
Motor vehicles	1 753 754	(1 132 968)	620 786	1 589 254	(890 265)	698 989
Office equipment	1 652 319	(868 530)	783 789	1 343 328	(557 234)	786 094
Infrastructure	165 141 470	(31 205 170)	133 936 300	150 525 123	(22 480 130)	128 044 993
Community	46 271 995	(3 443 008)	42 828 987	33 990 118	(2 057 352)	31 932 766
Bins and containers	351 154	(116 278)	234 876	351 154	(81 220)	269 934
Other property, plant and equipment	147 909	(144 619)	3 290	147 909	(136 841)	11 068
Leased motor vehicles	3 392 281	(1 137 798)	2 254 483	3 392 281	(802 375)	2 589 906
Water network	5 698	(3 333)	2 365	5 698	(2 933)	2 765
Work-in-progress	39 206 149	-	39 206 149	32 960 330	-	32 960 330
<b>Total</b>	<b>329 614 678</b>	<b>(43 413 288)</b>	<b>286 201 390</b>	<b>295 061 012</b>	<b>(30 679 171)</b>	<b>264 381 841</b>

### Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Transfers	Depreciation	Total
Land	28 902 790	-	-	-	28 902 790
Buildings	37 244 340	151 048	-	(1 333 931)	36 061 457
Plant and machinery	46 723	235 909	-	(49 917)	232 715
Furniture and fixtures	891 143	549 175	-	(306 915)	1 133 403
Motor vehicles	698 989	164 500	-	(242 703)	620 786
Office equipment	786 094	308 991	-	(311 296)	783 789
Infrastructure	128 044 993	-	14 616 347	(8 725 040)	133 936 300
Community	31 932 766	-	12 281 877	(1 385 656)	42 828 987
Bins and containers	269 934	-	-	(35 058)	234 876
Other property, plant and equipment	11 068	-	-	(7 778)	3 290
Leased motor vehicles	2 589 906	-	-	(335 423)	2 254 483
Water network	2 765	-	-	(400)	2 365
Work-In-Progress	32 960 330	33 144 043	(26 898 224)	-	39 206 149
	<b>264 381 841</b>	<b>34 553 666</b>	<b>-</b>	<b>(12 734 117)</b>	<b>286 201 390</b>

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

	2014	2013
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### 3. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Transfers	Depreciation	Total
Land	28 902 790	-	-	-	28 902 790
Buildings	38 574 495	-	-	(1 330 155)	37 244 340
Plant and machinery	942	51 749	-	(5 968)	46 723
Furniture and fixtures	1 079 540	42 949	-	(231 346)	891 143
Motor vehicles	926 025	-	-	(227 036)	698 989
Office equipment	472 392	506 305	-	(192 603)	786 094
Infrastructure	131 976 313	-	3 503 408	(7 434 728)	128 044 993
Community	31 557 338	-	1 468 513	(1 093 085)	31 932 766
Bins and containers	305 120	-	-	(35 186)	269 934
Security measures	26 413	-	-	(15 345)	11 068
Leased Motor Vehicles	2 925 329	-	-	(335 423)	2 589 906
Water network	338	2 798	-	(371)	2 765
Work-In-Progress	11 960 545	25 971 706	(4 971 921)	-	32 960 330
	<b>248 707 580</b>	<b>26 575 507</b>	<b>-</b>	<b>(10 901 246)</b>	<b>264 381 841</b>

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

### 4. Investment property

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	25 684 000	-	25 684 000	25 684 000	-	25 684 000

#### Reconciliation of investment property - 2014

	Opening balance	Total
Investment property	25 684 000	25 684 000

#### Reconciliation of investment property - 2013

	Opening balance	Total
Investment property	25 684 000	25 684 000

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

	2014	2013
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### 5. Intangible assets

	2014			2013		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intangible assets	968 968	(544 666)	424 302	412 193	(271 635)	140 558

#### Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Intangible assets	140 558	556 775	(273 031)	424 302

#### Reconciliation of intangible assets - 2013

	Opening balance	Additions	Amortisation	Total
Intangible assets	262 528	16 538	(138 508)	140 558

### 6. Heritage assets

	2014			2013		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Statue	1 020 835	-	1 020 835	1 020 835	-	1 020 835

#### Reconciliation of heritage assets 2014

	Opening balance	Total
Statue	1 020 835	1 020 835

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

	2014	2013
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### 6. Heritage assets (continued)

#### Reconciliation of heritage assets 2013

	Opening balance	Total
Statue	1 020 835	1 020 835

### 7. Trade receivables from non-exchange transactions

Fines	389 898	2 003 550
Other receivables from non-exchange revenue	241 624	241 624
	<b>631 522</b>	<b>2 245 174</b>

#### Included in receivables from non-exchange transactions is:

Fines	3 187 255	2 003 550
Other	241 624	241 624
Less: Credit impairment	(2 797 357)	-
	<b>631 522</b>	<b>2 245 174</b>

#### Reconciliation of provision for impairment of trade receivables from non-exchange transactions

Provision for impairment	(2 660 135)	-
Amounts written off as uncollectible	(137 222)	-
	<b>(2 797 357)</b>	<b>-</b>

### 8. VAT receivable

VAT	-	3 300 970
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Mtubatuba Municipality accounts for VAT on cash basis.

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>9. Trade and other receivables</b>		
<b>Gross balances</b>		
Rates	37 145 452	29 877 822
Refuse	9 829 549	8 339 942
Security	3 570 190	2 418 298
	<b>50 545 191</b>	<b>40 636 062</b>
<b>Less: Allowance for impairment</b>		
Rates	(27 840 991)	(22 316 831)
Refuse	(7 367 372)	(6 607 692)
Security	(2 059 459)	(1 415 455)
	<b>(37 267 822)</b>	<b>(30 339 978)</b>
<b>Net balance</b>		
Rates	9 304 461	7 560 991
Refuse	2 462 177	1 732 250
Security	1 510 731	1 002 843
	<b>13 277 369</b>	<b>10 296 084</b>
<b>Included in above is receivables from exchange transactions</b>		
Refuse	2 462 177	1 732 250
Security	688 271	1 002 843
	<b>3 150 448</b>	<b>2 735 093</b>
<b>Included in above is receivables from non-exchange transactions (taxes and transfers)</b>		
Rates	9 304 461	7 560 991
	<b>12 454 909</b>	<b>10 296 084</b>
<b>Agriculture, business and mining</b>		
Current (0 -30 days)	737 606	1 301 988
31 - 60 days	1 073 807	349 768
61 - 90 days	381 468	301 705
91 - 120 days	363 725	323 696
>120 days	6 042 985	4 326 790
	<b>8 599 591</b>	<b>6 603 947</b>
<b>Residential</b>		
Current (0 -30 days)	1 289 283	2 094 304
31 - 60 days	2 132 182	921 280
61 - 90 days	900 687	860 961
91 - 120 days	868 453	795 647
>120 days	31 384 776	26 824 156
	<b>36 575 381</b>	<b>31 496 348</b>

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>9. Trade and other receivables (continued)</b>		
<b>Other debtors</b>		
Current (0 -30 days)	163 812	297 165
31 - 60 days	265 856	52 107
61 - 90 days	143 795	(264 837)
91 - 120 days	102 502	125 988
>120 days	3 833 500	1 699 007
	<b>4 509 465</b>	<b>1 909 430</b>
<b>Total</b>		
Current (0 -30 days)	2 190 701	3 692 949
31 - 60 days	3 471 845	1 342 422
61 - 90 days	1 425 950	894 436
91 - 120 days	1 334 680	1 229 118
>120 days	40 477 090	32 850 800
Add back: Credit balances in debtors	822 466	626 337
Less: Credit impairments	(37 267 823)	(30 339 978)
	<b>12 454 909</b>	<b>10 296 084</b>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(30 339 978)	(32 467 326)
Contributions to allowance	(6 927 844)	-
Debt impairment written off against allowance	-	2 127 348
	<b>(37 267 822)</b>	<b>(30 339 978)</b>
<b>10. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	1 427	4 924
Bank balances	395 649	1 436 629
Short-term deposits	354 106	97 999
Other cash and cash equivalents	143 753	93 601
	<b>894 935</b>	<b>1 633 153</b>

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

	2014			2013		
<b>10. Cash and cash equivalents (continued)</b>						
<b>The municipality had the following bank accounts</b>						
Account number / description	Bank statement balances			Cash book balances		
	30 June 2014	30 June 2013	30 June 2012	30 June 2014	30 June 2013	30 June 2012
First National Bank - Primary - 53093735184	423 561	1 447 164	(6 930 701)	377 085	1 436 629	(6 930 701)
First National Bank - Dukuduku Low Cost - 62050465858	-	-	530	-	-	530
First National Bank - Call Deposit - 62032346703	-	-	319	-	-	319
First National Bank - Money Market - 62122552856	-	-	12 801	-	-	12 801
First National Bank - Eskom Deposit - 71044025057	191 600	191 600	191 600	191 600	191 600	191 600
First National Bank - Money Market - 62424097831	50 397	-	-	50 397	-	-
First National Bank - Call Account - 62424098376	82 090	-	-	82 090	-	-
First National Bank - Call Account	-	-	4 420	-	-	4 420
First National Bank - Money Market 3 - 62424094986	30 019	-	-	30 019	-	-
First National Bank - Traffic Fines	136 097	-	-	136 097	-	-
First National Bank - Petty cash - 62393938249	18 564	-	-	18 564	-	-
<b>Total</b>	<b>932 328</b>	<b>1 638 764</b>	<b>(6 721 031)</b>	<b>885 852</b>	<b>1 628 229</b>	<b>(6 721 031)</b>

## 11. Finance lease obligation

### Minimum lease payments due

- within one year	873 575	812 569
- in second to fifth year inclusive	672 964	1 476 020

### Present value of minimum lease payments

<b>1 546 539</b>	<b>2 288 589</b>
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Non-current liabilities

Current liabilities

672 964	1 476 020
873 575	812 569
<b>1 546 539</b>	<b>2 288 589</b>

It is municipality policy to lease certain motor vehicles and equipment under finance leases.

The average lease term was 5 years and the average effective borrowing rate was 9% (2013: 9%).

Interest rates are linked to prime at the contract date.

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>12. Unspent conditional grants and receipts</b>		
<b>Unspent conditional grants and receipts comprises of:</b>		
Low cost housing grant	1 232 377	1 232 377
Infrastructure Sport Facilities	525 000	-
Rural electrification	485 373	2 446 338
Corridor development grant	6 482 506	6 482 506
MTB library computer assistance	65 188	77 082
Expanded public works	5 455	-
Small town rehabilitation	-	614 064
Municipal infrastructure grant	-	3 199 979
Sport & recreation grant	166 704	-
	<b>8 962 603</b>	<b>14 052 346</b>
<b>Movement during the year</b>		
Balance at the beginning of the year	14 052 346	11 749 551
Additions during the year	290 073	2 302 795
Income recognition during the year	(5 379 816)	-
	<b>8 962 603</b>	<b>14 052 346</b>
<b>13. Long-term loan</b>		
<b>At amortised cost</b>		
Development Bank of Southern African loan	1 911 692	2 449 998
The DBSA loan is repaid over a period of 10 years and has a redemption date of 30 September 2018 at a fixed interest rate of 8.16%. The DBSA loan is not secured.		
Management of the Municipality is of the opinion that the carrying value of long-term liabilities recorded at amortised cost in the financial statements approximate the fair value of the loan.		
<b>Non-current liabilities</b>		
At amortised cost	1 235 642	1 649 559
<b>Current liabilities</b>		
At amortised cost	676 050	800 439



# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

	2014	2013
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### 14. Provisions

#### Reconciliation of provisions - 2014

	Opening Balance	Additions	Total
Environmental rehabilitation	3 007 180	315 754	3 322 934

#### Reconciliation of provisions - 2013

	Opening Balance	Additions	Total
Environmental rehabilitation	2 721 430	285 750	3 007 180

#### Environmental rehabilitation provision

The provision for rehabilitation of landfill site relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation, discounted at 10.5% over an average period of 5 years.

### 15. Payables from exchange transactions

Trade payables	7 680 560	7 325 899
Accrued leave pay	4 562 048	2 962 320
Accrued bonus	889 972	853 954
Accrued expenses	2 990 581	1 322 817
Retentions	2 313 797	1 982 731
	<b>18 436 958</b>	<b>14 447 721</b>

The fair value of trade and other payables approximates their carrying amounts.

### 16. Taxes and transfers payable

Third party payables	1 419 571	1 197 280
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Third party payables in respect of all payroll related deductions.

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>17. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	60 734 000	48 753 000
Capacity building	-	296 295
Corridor development / planning and development	-	799 600
Finance management grant / budget and treasury office	1 650 000	1 500 000
Library provincial support grant / libraries and archives	2 215 000	2 110 000
M T B library assistants - cadets/libraries and archives	251 893	176 785
MSIG ward committee expenditure	890 000	800 000
EPWP/Road transport/Roads	994 545	-
Sport Caretakers/Community	133 296	-
	<b>66 868 734</b>	<b>54 435 680</b>
<b>Capital grants</b>		
Dukuduku Sport Field	-	437 338
Municipal Infrastructure Grant (MIG)	27 397 979	19 576 136
National Electrification Programme	7 160 965	7 553 662
Small Town Rehabilitation	614 064	223 284
	<b>35 173 008</b>	<b>27 790 420</b>
	<b>102 041 742</b>	<b>82 226 100</b>
<b>Equitable Share</b>		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
<b>Low cost housing grant</b>		
Balance unspent at beginning of year	1 232 377	1 232 377
Conditions still to be met - remain liabilities (see note 12).		
<b>Infrastructure sport facilities</b>		
Current-year receipts	525 000	-
Conditions still to be met - remain liabilities (see note 12).		
<b>Rural electrification</b>		
Balance unspent at beginning of year	2 446 338	-
Current-year receipts	8 000 000	10 000 000
Conditions met - transferred to revenue	(7 160 965)	(7 553 662)
Realised against equitable share	(2 800 000)	-
	<b>485 373</b>	<b>2 446 338</b>
Conditions still to be met - remain liabilities (see note 12).		
<b>Corridor development funding</b>		
Balance unspent at beginning of year	6 482 506	7 282 106
Conditions met - transferred to revenue	-	(799 600)
	<b>6 482 506</b>	<b>6 482 506</b>
Conditions still to be met - remain liabilities (see note 12).		

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>17. Government grants and subsidies (continued)</b>		
<b>MTB Library Computer Assistance</b>		
Balance unspent at beginning of year	77 082	42 267
Current-year receipts	240 000	34 815
Conditions met - transferred to revenue	(251 894)	-
	<b>65 188</b>	<b>77 082</b>
Conditions still to be met - remain liabilities (see note 12).		
<b>Extended public works</b>		
Current-year receipts	1 000 000	-
Conditions met - transferred to revenue	(994 545)	-
	<b>5 455</b>	<b>-</b>
Conditions still to be met - remain liabilities (see note 12).		
<b>Small town rehabilitation</b>		
Balance unspent at beginning of year	614 064	837 348
Conditions met - transferred to revenue	(614 064)	(223 284)
	<b>-</b>	<b>614 064</b>
Conditions still to be met - remain liabilities (see note 12)		
<b>Municipal infrastructure grant</b>		
Balance unspent at beginning of year	3 199 979	1 918 115
Current-year receipts	25 498 000	20 858 000
Conditions met - transferred to revenue	(27 397 979)	(19 576 136)
Realised against equitable share	(1 300 000)	-
	<b>-</b>	<b>3 199 979</b>
Conditions still to be met - remain liabilities (see note 12).		
<b>Sport &amp; recreation caretakers</b>		
Current-year receipts	300 000	-
Other	(133 296)	-
	<b>166 704</b>	<b>-</b>
Conditions still to be met - remain liabilities (see note 12).		
<b>Finance management grant</b>		
Current-year receipts	1 650 000	-
Conditions met - transferred to revenue	(1 650 000)	-
	<b>-</b>	<b>-</b>
Conditions still to be met - remain liabilities (see note 12).		

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>18. General expenses</b>		
Advertising	529 795	260 253
Auditors remuneration	2 011 771	1 794 196
Bank charges	170 550	104 949
Consulting and professional fees	972 512	599 248
Consumables	733 320	575 731
Entertainment	6 000	16 928
Insurance	386 178	244 640
Community development and training	179 562	-
IT expenses	1 030 084	485 392
Lease rentals on operating lease	1 394 764	354 136
Motor vehicle expenses	140 773	63 820
Fuel and oil	1 044 609	760 570
Postage and courier	93 893	13 104
Printing and stationery	510 992	753 710
Subscriptions and membership fees	1 356 626	3 083
Telephone and fax	1 167 859	817 655
Training	8 270 181	1 144 400
Travel - local	1 815 691	1 817 068
Refuse	-	10 683
Electricity	725 344	562 662
Uniforms	207 584	2 460
Special Programmes	1 827 185	4 590 992
Grants	13 740	-
Other Expenses	4 772 336	5 828 818
	<b>29 361 349</b>	<b>20 804 498</b>

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>19. Employee related costs</b>		
Basic	23 105 088	20 085 262
Medical aid - company contributions	1 910 519	1 409 038
UIF	231 681	204 263
SDL	408 972	336 149
Other payroll levies	11 760	130 804
Leave pay provision charge	889 972	463 754
Short term benefit	1 238 201	760 967
Defined contribution plans	2 670 539	2 838 447
Travel, motor car, accommodation, subsistence and other allowances	15 388	3 028
Overtime payments	2 497 547	2 245 489
13th Cheques	2 588 144	1 556 680
Car allowance	2 796 373	2 161 153
Housing benefits and allowances	497 492	302 572
Telephone allowances	99 623	60 653
	<b>38 961 299</b>	<b>32 558 259</b>
<b>Remuneration - Municipal Manager</b>		
Annual Remuneration	576 853	565 648
Car Allowance	226 787	188 549
Cellphone allowance	24 000	24 000
Other	344 910	226 207
	<b>1 172 550</b>	<b>1 004 404</b>
<b>Remuneration - Chief Finance Officer</b>		
Annual Remuneration	435 857	173 925
Car Allowance	181 607	57 975
Cellphone allowance	14 000	6 000
Other	137 081	112 508
	<b>768 545</b>	<b>350 408</b>
<b>Remuneration - Director Corporate Services</b>		
Annual Remuneration	390 390	188 222
Car Allowance	150 000	42 892
Cellphone allowance	14 000	6 000
Other	132 081	137 198
	<b>686 471</b>	<b>374 312</b>
<b>Remuneration - Director Community Services</b>		
Annual Remuneration	576 853	188 222
Car Allowance	181 002	42 892
Cellphone allowance	21 500	6 000
Other	95 167	137 198
	<b>874 522</b>	<b>374 312</b>

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>19. Employee related costs (continued)</b>		
<b>Remuneration - Director Technical Services</b>		
Annual Remuneration	576 853	555 781
Car Allowance	181 002	178 643
Cellphone allowance	21 500	18 000
Other	71 832	111 105
	<b>851 187</b>	<b>863 529</b>
<b>20. Remuneration of councillors</b>		
The Mayor	605 873	581 779
Deputy Mayor	465 267	316 787
Mayoral Committee Members	1 706 989	1 413 257
Speaker	725 190	409 879
Councillors	7 090 909	5 857 591
	<b>10 594 228</b>	<b>8 579 293</b>
<b>In-kind benefits</b>		
The Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor has the use of separate Council owned vehicles for official duties.		
The Mayor has two full-time bodyguards . The Deputy Mayor and speaker have two and one full-time bodyguards respectively.		
<b>21. Debt impairment</b>		
Debt impairment/(reversal of debt impairment)	9 725 201	(2 127 348)
Debts written off	2 397 943	8 562 896
	<b>12 123 144</b>	<b>6 435 548</b>
Debts written off relates to 50% amnesty and write-offs in respect of indigent consumers as approved by the Council.		
<b>22. Depreciation and amortisation</b>		
Property, plant and equipment	12 734 117	10 875 432
Intangible assets	273 031	138 508
	<b>13 007 148</b>	<b>11 013 940</b>
<b>23. Finance costs</b>		
Interest on borrowings	708 281	735 128
Bank	368 665	243 272
	<b>1 076 946</b>	<b>978 400</b>
<b>24. Auditors' remuneration</b>		
Fees	2 011 771	1 794 196
<b>25. Contracted services</b>		
Other Contractors	9 771 638	9 289 173

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>26. Cash generated from operations</b>		
Surplus	18 349 672	28 616 128
<b>Adjustments for:</b>		
Depreciation and amortisation	13 007 148	11 013 940
Profit on sale of non-current assets	1 203 490	(1 121 988)
Debt written off / rebates	12 123 144	6 435 548
Movements in operating lease assets and accruals	187 739	(96 240)
Movements in provisions	315 754	285 750
Current year additions recognised at deemed cost	-	214 863
<b>Changes in working capital:</b>		
Consumer debtors	(15 104 429)	(8 657 752)
Other receivables from non-exchange transactions	1 613 652	(2 141 762)
Payables from exchange transactions	3 989 235	2 376 548
VAT	3 322 712	(3 724 441)
Taxes and transfers payable (non exchange)	222 291	(591 914)
Unspent conditional grants and receipts	(5 089 743)	2 302 795
	<b>34 140 665</b>	<b>34 911 475</b>
<b>27. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Infrastructure	15 863 354	8 371 406
• Electrification	4 485 905	1 641 681
	<b>20 349 259</b>	<b>10 013 087</b>
<b>Not yet contracted for and authorised by accounting officer</b>		
• Infrastructure	34 792 461	17 800 000
• Electrification	9 500 000	-
	<b>44 292 461</b>	<b>17 800 000</b>
This committed expenditure relates to infrastructure, community and electrification projects and will be financed by government grants.		
<b>Operating leases - as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	1 608 714	652 613
- in second to fifth year inclusive	1 491 201	652 613
	<b>3 099 915</b>	<b>1 305 226</b>

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of five years and rentals are fixed for an average of three years. No contingent rent is payable.

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

2014

2013

### 28. Contingencies

The following cases against the municipality are still pending and management consider them as contingent liabilities:

#### 2014

(1) Delca Systems Claim - Delca Systems instituted action against the municipality for payment of fees for projects that were abandoned by Delca Systems. The projects in question are as follows;

- (a) Creches in Ward 2A
- (b) Indlovu Resurfacing Road in Ward 6
- (c) KwaMsane Resurfacing Road

The estimate of the financial impact is R 890 847.

#### 2013

(1) K Moonsamy and others - K Moonsamy instituted action against the municipality, Logan Moonsamy and the Registrar of Deeds in the KwaZulu-Natal Court regarding the cancellation of a contract. The estimate of the financial impact is R 60 000.

(2) LNW Asset and Risk Managers - Summons issued against the municipality amounted to the value of R 15 000.

(3) Joyce Fikile Mbatha - Damages to an ankle fracture by J Mbatha were estimated to R 25 000.

(4) Munitech (Pty) Ltd - The municipality was summoned to pay Munitech (Pty) Ltd an amount R 149 997.21 for the completion of an integrated waste management plan.

(5) Through the collective salary & wages agreement, entered into by SALGA, IMATU and SAMWU, the municipality is required to effect back pay in respect of discrepancies resulting from incorrect performance evaluation and rating of its employees when it is compared to job evaluation that was performed by SALGA in 2009.

The municipality is currently reconciling its job evaluation and ratings with SALGA evaluation. Thus the probable liability could not be determined as at year end.

### 29. Related parties

There were no transactions with related parties that were not at arm's length or that were not in the ordinary course of business.

### 30. Prior period errors

#### 1. Value Added Tax

Through a detailed review and reconciliation, the Municipality noted numerous misclassification that occurred whilst finalizing 2013 Annual Financial Statements. Necessary correcting journal entries have been processed impacting on accumulated surplus and other account balances.

#### 2. Trade and other payables

Through the detailed review of the creditors age analysis and direct confirmation with the suppliers, the municipality discovered that some of the credit balances as at 30 June 2013 were invalid. This resulted to overstatement of trade creditors balance and constitutes a prior period error in terms of GRAP. The municipality has processed the necessary correcting entries in order to ensure fair presentation.

#### 3. Property, plant and equipment

Differences were noted between the final set of annual financial statements and the final asset register as at 30 June 2013. The differences were regarded as immaterial at the time and necessary journal entries have been processed as the correction of the prior period error.

The correction of the error(s) results in adjustments as follows:



# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>30. Prior period errors (continued)</b>		
<b>Statement of financial position</b>		
VAT	-	(782 447)
Work-in-Progress	-	66 849
Trade and other payables	-	655 006
Property, plant and equipment	-	11 888
	<u>-</u>	<u>(48 704)</u>

## 31. Risk management

### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Consumer debtors comprise of a large number of ratepayers dispersed accross different sectors and geographical areas. Management evaluated credit risk relating to customers on an ongoing basis. Credit exposure is managed by application of the municipality's policies regarding credit control and debt collection. The municipality has made a provision for doubtful debts in accordance to its policies. The carrying amount of financial assets is the maximum exposure to credit risk in relation to these assets.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2014	2013
Trade and other receivables from exchange transactions	3 150 448	2 735 093
Trade and other receivables from non-exchange transactions	9 304 461	7 560 991

### Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates. The DBSA loan has a fixed interest rate which is not linked to the prime rate.

## 32. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

## 33. Events after the reporting date

There were no adjusting events after the reporting date.

# Mtubatuba Municipality

(Registration number KZN 275)

Annual Financial Statements for the year ended 30 June 2014

## Notes to the Annual Financial Statements

	2014	2013
<b>34. Unauthorised expenditure</b>		
Opening balance	17 323 928	25 276 929
Current year movement - actual expenditure exceeds budget	16 518 703	4 904 735
Prior year unspent conditional grants realised during the year	(4 351 525)	1 085 531
Condoned - actual expenditure exceeded budget	-	(13 943 267)
	<b>29 491 106</b>	<b>17 323 928</b>

The current year over-expenditure relates to non-cash items in respect of Depreciation, Credit impairment, Provision for 13th cheque bonus and the Provision for accumulated leave days.

### 35. Fruitless and wasteful expenditure

Opening balance	767 638	487 072
Interest on late payments	15 016	73 996
Penalties - SARS	287 719	206 570
	<b>1 070 373</b>	<b>767 638</b>

### 36. Irregular expenditure

Opening balance	27 835 126	17 781 043
Add: Irregular Expenditure - current year	1 257 768	11 788 215
Less: Amounts condoned	(1 257 768)	(1 734 132)
	<b>27 835 126</b>	<b>27 835 126</b>

## Appendix A

### Schedule of external loans as at 30 June 2014

Loan Number	Redeemable	Balance at 30 June 2013	Received during the period	Redeemed written off during the period	Balance at 30 June 2014	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		Rand	Rand	Rand	Rand		
Loan Stock		-	-	-	-	-	-
Structured loans		-	-	-	-	-	-
Funding facility		-	-	-	-	-	-
<b>Development Bank of South Africa</b>							
Non-current portion - DBSA	43373	1 649 559	-	413 917	1 235 642	-	-
Current portion - DBSA	43373	800 439	-	124 389	676 050	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		<b>2 449 998</b>	<b>-</b>	<b>538 306</b>	<b>1 911 692</b>	<b>-</b>	<b>-</b>
Bonds		-	-	-	-	-	-
Other loans		-	-	-	-	-	-
<b>Lease liability</b>							
Non-current portion -ABSA	Various	1 098 606	-	656 615	441 991	-	-
Non-current portion - WESBANK	Various	377 414	-	146 441	230 973	-	-
Current portion - ABSA	Various	665 171	45 610	-	710 781	-	-
Current portion - WESBANK	Various	147 397	15 397	-	162 794	-	-
		-	-	-	-	-	-
		<b>2 288 588</b>	<b>61 007</b>	<b>803 056</b>	<b>1 546 539</b>	<b>-</b>	<b>-</b>
Annuity loans		-	-	-	-	-	-
<b>Government loans</b>							
		-	-	-	-	-	-
		-	-	-	-	-	-

## Appendix A

## Schedule of external loans as at 30 June 2014

[illegible]

## Appendix B

Analysis of property, plant and equipment as at 30 June 2014	
Cost/Revaluation	Accumulated depreciation

	Opening Balance Rand	Additions  Rand	Disposals  Rand	Transfers  Rand	Revaluations  Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals  Rand	Transfers  Rand	Depreciation  Rand	Impairment loss  Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	28 902 790	-	-	-	-	-	28 902 790	-	-	-	-	-	-	28 902 790
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	39 904 650	151 048	-	-	-	-	40 055 698	(2 660 310)	-	-	(1 333 391)	-	(3 993 701)	36 061 997
	68 807 440	151 048	-	-	-	-	68 958 488	(2 660 310)	-	-	(1 333 391)	-	(3 993 701)	64 964 787
Infrastructure														
Bridges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bus terminals and taxi	548 385	-	-	-	-	-	548 385	(17 137)	-	-	(13 710)	-	(30 847)	517 538
Road network	66 325 442	14 616 344	-	-	-	-	80 941 786	(14 133 492)	-	-	(6 009 414)	-	(20 142 906)	60 798 880
Sanitation network	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stormwater network	83 651 296	-	-	-	-	-	83 651 296	(8 329 454)	-	-	(2 701 916)	-	(11 031 370)	72 619 926
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastrucur)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	150 525 123	14 616 344	-	-	-	-	165 141 467	(22 480 083)	-	-	(8 725 040)	-	(31 205 123)	133 936 344
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	23 356 955	3 128 213	-	-	-	-	26 485 168	(574 957)	-	-	(368 746)	-	(943 703)	25 541 465
Libraries	6 094 500	-	-	-	-	-	6 094 500	(1 218 900)	-	-	(609 450)	-	(1 828 350)	4 266 150
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	4 538 663	9 153 664	-	-	-	-	13 692 327	(263 494)	-	-	(407 460)	-	(670 954)	13 021 373
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	33 990 118	12 281 877	-	-	-	-	46 271 995	(2 057 351)	-	-	(1 385 656)	-	(3 443 007)	42 828 988

## Appendix B

### Analysis of property, plant and equipment as at 30 June 2014

#### Cost/Revaluation                      Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Heritage assets</b>														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other - Statue	1 020 835	-	-	-	-	-	1 020 835	-	-	-	-	-	-	1 020 835
	<b>1 020 835</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 020 835</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 020 835</b>
<b>Specialised vehicles</b>														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other assets</b>														
General vehicles	1 589 254	164 500	-	-	-	-	1 753 754	(890 265)	-	-	(242 703)	-	(1 132 968)	620 786
Plant & equipment	46 666	235 908	-	-	-	-	282 574	(21 109)	-	-	(49 917)	-	(71 026)	211 548
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	1 884 698	549 175	-	-	-	-	2 433 873	(989 402)	-	-	(306 915)	-	(1 296 317)	1 137 556
Office Equipment	1 348 496	308 991	-	-	-	-	1 657 487	(557 329)	-	-	(310 906)	-	(868 235)	789 252
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water tanks	5 698	-	-	-	-	-	5 698	(2 933)	-	-	(400)	-	(3 333)	2 365
Other security measures	147 909	-	-	-	-	-	147 909	(136 841)	-	-	(7 778)	-	(144 619)	3 290
Bins and Containers	351 154	-	-	-	-	-	351 154	(81 220)	-	-	(35 058)	-	(116 278)	234 876
Work in progress	32 893 481	32 136 765	-	(26 898 222)	-	-	38 132 024	-	-	-	-	-	-	38 132 024
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leased motor vehicle	3 392 281	-	-	-	-	-	3 392 281	(802 375)	-	-	(335 423)	-	(1 137 798)	2 254 483
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>41 659 637</b>	<b>33 395 339</b>	<b>-</b>	<b>(26 898 222)</b>	<b>-</b>	<b>-</b>	<b>48 156 754</b>	<b>(3 481 474)</b>	<b>-</b>	<b>-</b>	<b>(1 289 100)</b>	<b>-</b>	<b>(4 770 574)</b>	<b>43 386 180</b>

## Appendix B

### Analysis of property, plant and equipment as at 30 June 2014

#### Cost/Revaluation      Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Total property plant and equipment</b>														
Land and buildings	68 807 440	151 048	-	-	-	-	68 958 488	(2 660 310)	-	-	(1 333 391)	-	(3 993 701)	64 964 787
Infrastructure	150 525 123	14 616 344	-	-	-	-	165 141 467	(22 480 083)	-	-	(8 725 040)	-	(31 205 123)	133 936 344
Community Assets	33 990 118	12 281 877	-	-	-	-	46 271 995	(2 057 351)	-	-	(1 385 656)	-	(3 443 007)	42 828 988
Heritage assets	1 020 835	-	-	-	-	-	1 020 835	-	-	-	-	-	-	1 020 835
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	41 659 637	33 395 339	-	(26 898 222)	-	-	48 156 754	(3 481 474)	-	-	(1 289 100)	-	(4 770 574)	43 386 180
	<b>296 003 153</b>	<b>60 444 608</b>	<b>-</b>	<b>(26 898 222)</b>	<b>-</b>	<b>-</b>	<b>329 549 539</b>	<b>(30 679 218)</b>	<b>-</b>	<b>-</b>	<b>(12 733 187)</b>	<b>-</b>	<b>(43 412 405)</b>	<b>286 137 134</b>
<b>Non-current assets held-for-sale</b>														
Non-current assets Held-for-sale	15 687 684	-	-	-	-	-	15 687 684	-	-	-	-	-	-	15 687 684
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>15 687 684</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15 687 684</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15 687 684</b>
<b>Intangible assets</b>														
Computers - software & programming	412 193	556 775	-	-	-	-	968 968	(271 635)	-	-	(273 031)	-	(544 666)	424 302
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>412 193</b>	<b>556 775</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>968 968</b>	<b>(271 635)</b>	<b>-</b>	<b>-</b>	<b>(273 031)</b>	<b>-</b>	<b>(544 666)</b>	<b>424 302</b>
<b>Investment properties</b>														
Investment property	25 684 000	-	-	-	-	-	25 684 000	-	-	-	-	-	-	25 684 000
	<b>25 684 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25 684 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25 684 000</b>
<b>Total</b>														
Land and buildings	68 807 440	151 048	-	-	-	-	68 958 488	(2 660 310)	-	-	(1 333 391)	-	(3 993 701)	64 964 787
Infrastructure	150 525 123	14 616 344	-	-	-	-	165 141 467	(22 480 083)	-	-	(8 725 040)	-	(31 205 123)	133 936 344
Community Assets	33 990 118	12 281 877	-	-	-	-	46 271 995	(2 057 351)	-	-	(1 385 656)	-	(3 443 007)	42 828 988
Heritage assets	1 020 835	-	-	-	-	-	1 020 835	-	-	-	-	-	-	1 020 835
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	41 659 637	33 395 339	-	(26 898 222)	-	-	48 156 754	(3 481 474)	-	-	(1 289 100)	-	(4 770 574)	43 386 180
Non-current assets held-for-sale	15 687 684	-	-	-	-	-	15 687 684	-	-	-	-	-	-	15 687 684
Intangible assets	412 193	556 775	-	-	-	-	968 968	(271 635)	-	-	(273 031)	-	(544 666)	424 302
Investment properties	25 684 000	-	-	-	-	-	25 684 000	-	-	-	-	-	-	25 684 000
	<b>337 787 030</b>	<b>61 001 383</b>	<b>-</b>	<b>(26 898 222)</b>	<b>-</b>	<b>-</b>	<b>371 890 191</b>	<b>(30 950 853)</b>	<b>-</b>	<b>-</b>	<b>(13 006 218)</b>	<b>-</b>	<b>(43 957 071)</b>	<b>327 933 120</b>

## Appendix B

Analysis of property, plant and equipment as at 30 June 2013	
Cost/Revaluation	Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	28 902 790	-	-	-	-	-	28 902 790	-	-	-	-	-	-	28 902 790
Landfill Sites (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	39 904 650	-	-	-	-	-	39 904 650	(1 330 155)	-	-	-	-	(1 330 155)	38 574 495
	68 807 440	-	-	-	-	-	68 807 440	(1 330 155)	-	-	-	-	(1 330 155)	67 477 285
Infrastructure														
Roads, Pavements & Bridges	147 021 715	3 503 408	-	-	-	-	150 525 123	(22 448 746)	-	-	(7 403 345)	-	(29 852 091)	120 673 032
Storm water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastrucur)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	147 021 715	3 503 408	-	-	-	-	150 525 123	(22 448 746)	-	-	(7 403 345)	-	(29 852 091)	120 673 032
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	23 356 955	-	-	-	-	-	23 356 955	(241 426)	-	-	(333 531)	-	(574 957)	22 781 998
Libraries	6 094 500	-	-	-	-	-	6 094 500	(609 450)	-	-	(609 450)	-	(1 218 900)	4 875 600
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	29 451 455	-	-	-	-	-	29 451 455	(850 876)	-	-	(942 981)	-	(1 793 857)	27 657 598



## Appendix B

### Analysis of property, plant and equipment as at 30 June 2013

#### Cost/Revaluation                      Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Heritage assets</b>														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	1 020 835	-	-	-	-	-	1 020 835	-	-	-	-	-	-	1 020 835
	<b>1 020 835</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 020 835</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 020 835</b>
<b>Specialised vehicles</b>														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other assets</b>														
General vehicles	1 589 254	-	-	-	-	-	1 589 254	(663 229)	-	-	(227 036)	-	(890 265)	698 989
Plant & equipment	16 082	30 583	-	-	-	-	46 665	(15 140)	-	-	(5 969)	-	(21 109)	25 556
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	1 841 753	42 949	-	-	-	-	1 884 702	(762 213)	-	-	(227 637)	-	(989 850)	894 852
Office Equipment	858 730	506 305	-	-	-	-	1 365 035	(386 338)	-	-	(170 991)	-	(557 329)	807 706
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	2 407 000	-	-	-	-	-	2 407 000	(80 233)	-	-	(80 233)	-	(160 466)	2 246 534
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	147 909	-	-	-	-	-	147 909	(121 496)	-	-	(15 345)	-	(136 841)	11 068
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	351 154	-	-	-	-	-	351 154	(46 034)	-	-	(35 186)	-	(81 220)	269 934
Work in progress	10 255 369	25 158 275	-	(4 971 921)	-	-	30 441 723	-	-	-	-	-	-	30 441 723
Water tanks	2 900	2 798	-	-	-	-	5 698	(2 562)	-	-	(372)	-	(2 934)	2 764
Motor vehicle leased	3 392 281	-	-	-	-	-	3 392 281	(466 952)	-	-	(335 423)	-	(802 375)	2 589 906
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>20 862 432</b>	<b>25 740 910</b>	<b>-</b>	<b>(4 971 921)</b>	<b>-</b>	<b>-</b>	<b>41 631 421</b>	<b>(2 544 197)</b>	<b>-</b>	<b>-</b>	<b>(1 098 192)</b>	<b>-</b>	<b>(3 642 389)</b>	<b>37 989 032</b>

## Appendix B

### Analysis of property, plant and equipment as at 30 June 2013

#### Cost/Revaluation                      Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
<b>Total property plant and equipment</b>														
Land and buildings	68 807 440	-	-	-	-	-	68 807 440	(1 330 155)	-	-	-	-	(1 330 155)	67 477 285
Infrastructure	147 021 715	3 503 408	-	-	-	-	150 525 123	(22 448 746)	-	-	(7 403 345)	-	(29 852 091)	120 673 032
Community Assets	29 451 455	-	-	-	-	-	29 451 455	(850 876)	-	-	(942 981)	-	(1 793 857)	27 657 598
Heritage assets	1 020 835	-	-	-	-	-	1 020 835	-	-	-	-	-	-	1 020 835
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	20 862 432	25 740 910	-	(4 971 921)	-	-	41 631 421	(2 544 197)	-	-	(1 098 192)	-	(3 642 389)	37 989 032
	<b>267 163 877</b>	<b>29 244 318</b>	<b>-</b>	<b>(4 971 921)</b>	<b>-</b>	<b>-</b>	<b>291 436 274</b>	<b>(27 173 974)</b>	<b>-</b>	<b>-</b>	<b>(9 444 518)</b>	<b>-</b>	<b>(36 618 492)</b>	<b>254 817 782</b>
<b>Non-current assets held for sale</b>														
Non-current assets held for sale	17 565 339	-	(1 607 855)	-	-	-	15 957 484	-	-	-	-	-	-	15 957 484
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>17 565 339</b>	<b>-</b>	<b>(1 607 855)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15 957 484</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15 957 484</b>
<b>Intangible assets</b>														
Computers - software & programming	395 655	-	-	-	-	-	395 655	(133 127)	-	-	(138 508)	-	(271 635)	124 020
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>395 655</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>395 655</b>	<b>(133 127)</b>	<b>-</b>	<b>-</b>	<b>(138 508)</b>	<b>-</b>	<b>(271 635)</b>	<b>124 020</b>
<b>Investment properties</b>														
Investment property	25 684 000	-	-	-	-	-	25 684 000	-	-	-	-	-	-	25 684 000
	<b>25 684 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25 684 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25 684 000</b>
<b>Total</b>														
Land and buildings	68 807 440	-	-	-	-	-	68 807 440	(1 330 155)	-	-	-	-	(1 330 155)	67 477 285
Infrastructure	147 021 715	3 503 408	-	-	-	-	150 525 123	(22 448 746)	-	-	(7 403 345)	-	(29 852 091)	120 673 032
Community Assets	29 451 455	-	-	-	-	-	29 451 455	(850 876)	-	-	(942 981)	-	(1 793 857)	27 657 598
Heritage assets	1 020 835	-	-	-	-	-	1 020 835	-	-	-	-	-	-	1 020 835
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	20 862 432	25 740 910	-	(4 971 921)	-	-	41 631 421	(2 544 197)	-	-	(1 098 192)	-	(3 642 389)	37 989 032
Non-current assets held for sale	17 565 339	-	(1 607 855)	-	-	-	15 957 484	-	-	-	-	-	-	15 957 484
Intangible assets	395 655	-	-	-	-	-	395 655	(133 127)	-	-	(138 508)	-	(271 635)	124 020
Investment properties	25 684 000	-	-	-	-	-	25 684 000	-	-	-	-	-	-	25 684 000
	<b>310 808 871</b>	<b>29 244 318</b>	<b>(1 607 855)</b>	<b>(4 971 921)</b>	<b>-</b>	<b>-</b>	<b>333 473 413</b>	<b>(27 307 101)</b>	<b>-</b>	<b>-</b>	<b>(9 583 026)</b>	<b>-</b>	<b>(36 890 127)</b>	<b>296 583 286</b>